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DEPARTMENT EUR DAS PEKALA AND EUR/NCE; PLEASE PASS TO NSC  
FOR ADAM STERLING

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [HU](#)  
SUBJECT: PROTESTING TOO MUCH?: PM GYURCSANY ON ENERGY  
SECURITY, MISSILE DEFENSE

REF: BUDAPEST 506

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Prime Minister Gyurcsany showed a rare display of temper - but no substantive surprises - in discussing energy security and missile defense with Ambassador Foley April 5.

ENERGY SECURITY: ACTIONS SPEAK LOUDER THAN WORDS

¶2. (S) Ambassador Foley reviewed the questions and concerns raised by DAS Bryza's recent trip to Hungary (septel), highlighting EU Commissioner Piebalg's recent meetings in Washington and the strong US-EU commitment to diversification as a strategic priority. We have received mixed signals from Hungarian statements, and believe that actions will speak louder than words in clarifying the GoH's position. In this regard, Ambassador Foley raised the prospect of a Gyurcsany visit to Azerbaijan, or a GoH-hosted Nabucco event, as ways Budapest might consider to make clear its professed openness to both Blue Stream and Nabucco.

¶3. (S) A troubled Gyurcsany expressed his surprise that "this situation has emerged" but recognized that it is "more serious than I realized." He also voiced his "disappointment" that "misunderstanding and misinterpretation" could cast doubts on Hungary's position, noting his view that "our friendship should have been able to withstand one quote in the International Herald Tribune." He expressed Hungary's "interest in diversifying energy sources from different directions and - if possible - from different companies and different sources." He conceded Hungary's "dependence" and maintained that Hungary will pursue alternatives "if there is an opportunity." "Under more or less the same conditions of stability and availability," he continued, he would "choose an independent source unequivocally." He denied, however, that there is "any proven obligation to choose" despite the interest of "some circles who would like to see Hungary commit to Nabucco regardless of probability."

¶4. (S) Gyurcsany noted studies forecasting serious shortfalls in heating oil as early as 2011, commenting that "if I have a problem 5 years from now I have to consider what progress Nabucco has made in the past 5 years." "Who the hell," he railed, "would want to depend on GAZPROM?" There would be "no question" of Hungary's position, he concluded, "if there were a realistic alternative." Responding to the Ambassador's press for a more forward-leaning position on LNG projects in Croatia as a way to help dispel concerns regarding Hungary's position, Gyurcsany described them as also showing "lots of talk and little progress."

¶5. (S) He also voiced strong objections to "simplifying our relationship with Russia to just energy," pointing out that

Hungarian exports to Russia have tripled in the past four years. When asked if he is concerned that this further compounds Hungary's dependency, he responded that "we cannot be asked not to sell our goods there." Although he acknowledged that the Ukraine, Belarus, and Hungary had already paid a price for relying on Russian energy, he insisted that it would be "very sad if our friends will not even listen to our arguments" and if he had to "pay a price for having the courage to call these dreams."

¶16. (S) Ambassador Foley responded that Hungary's equivocation could make Nabucco "a bad dream," pointing out that its mixed messages will have real consequences on the project and on Allied perceptions. She urged the PM to make his position clear through his future actions.

#### MISSILE DEFENSE, EUROPEAN SECURITY, AND RUSSIA

¶17. (S) Turning to Missile Defense, Ambassador Foley reviewed Brigadier General O'Reilly's recent visit to Budapest (reftel), emphasizing our own commitment to consultations with Europe and our own equities in maintaining a relationship with Russia. We had noted the PM's remarks from Moscow, which could give some the impression of criticism of the U.S. and reinforce the perception of a "pattern of association" with Russia.

¶18. (S) Gyurcsany referred to Missile Defense as "an important European security issue," arguing that Hungary has learned that these issues "must be placed in the broader context as the subject of open discussion with all countries who have an impact - including Russia." Although he recognized the bilateral nature of discussions with Warsaw and Prague, he commented that "you cannot expect us not to talk about anything but bilateral issues." "I cannot

accept," he continued, "that it is disturbing to our relationship if I speak out on security issues," noting that he is "far more open to see your misperception on energy security than on this."

¶19. (S) Reviewing the discussion in conclusion, Gyurcsany expressed his understanding of our concerns on energy security and his regret for any misperception. "Full partnership requires 2 partners," he concluded, offering to "meet any time to talk" but hoping that "you will not lose faith based on one article." Expressing his "injury," he noted that a "balanced approach" toward Moscow should not "call into question our orientation" but concluding that he will consider "steps to protect our friendship."

¶10. (S) Comment: With comments ranging from plaintive to histrionic, this was a different tone from Gyurcsany but not a dramatically different position. Evidently not well prepared by his staff (again), he seemed to feel ambushed by our following up on these pressing issues. He spoke extemporaneously and often emotionally but without evident focus on the substance. What he said reflects continued ambivalence on energy security, with no evident recognition that Hungary's machinations could make Nabucco a self-denying prophecy. He did open the door slightly on taking steps to reverse what he repeatedly characterized as "misperceptions," and we will need to walk through with continued engagement to see them follow through. The Prime Minister was less comprehending - and less yielding - on Missile Defense, repeatedly suggesting a Russian role in all European security questions. As a defense of Hungary's orientation, this raises more questions than it answers. End Comment.

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FOLEY